

Message Text

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SUBJ: BUSINESS COMMUNITY SUSPENDS WORK STOPPAGE

CALLED TO PROTEST NEW HOUSING LAWS

REF: A) PANAMA 5515 B) PANAMA 5525

SUMMARY BUSINESS LEADERS CANCELLED MANAGERIAL WORK HALT SCHEDULED FOR OCTOBER 15, APPARENTLY IN RETURN FOR PROMISE TORRIJOS WOULD MEET WITH THEM. TORRIJOS DID NOT SHOW UP FOR MEETING. INSTEAD PRESIDENT LAKAS AND MINISTER OF HOUSING ATTENDED MEETING. MEANWHILE, GOP-CONTROLLED MEDIA CONTINUED CAMPAIGN OF DEFAMATION AGAINST WORK STOPPAGE AS THOUGH IT HAD NOT BEEN CANCELLED, APPARENTLY DESIRING TO ATTRIBUTE ABSENCE OF WORK STOPPAGE OCT 15 TO LACK OF SUPPORT BY "GOOD" BUSINESSMEN RATHER THAN TO FACT NATIONAL COUNCIL OF PRIVATE ENTERPRISE (CONEP) LEADERS CANCELLED STRIKE. MEANWHILE, MINISTER OF HOUSING GAVE DETAILED DEFENSE AND EXPLANATION OF PROPOSED LAWS OVER NATIONAL TELEVISION. IT APPEARS GOP HAS OUTMANEUVERED CONEP LEADERS DURING FIRST ROUND. END SUMMARY.

1. CHIEF OF GOVERNMENT GENERAL TORRIJOS AGREED TO DISCUSS
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COMPLAINTS OF LOCAL BUSINESS ORGANIZATIONS ABOUT THE MANNER IN WHICH A SERIES OF NEW LAWS ON HOUSING CAME TO LIGHT. TORRIJOS AGREED TO SEE REPRESENTATIVES OF THE BUSINESS ORGANIZATIONS ON SUNDAY, OCTOBER 14, APPARENTLY IN RESPONSE TO LETTER THEY SENT

TO HIM ON OCTOBER 11, ASSURING HIM THAT MANAGERIAL STOPPAGE WAS NOT AN ATTEMPT TO OVERTURN GOP, BUT MERELY A PROTEST BECAUSE NEW HOUSING LAWS HAD BEEN PASSED WITHOUT ANY CONSULTATION WITH BUSINESSMEN. CONEP RESPONDED WITH AN ANNOUNCEMENT, WHICH WAS READ OVER TELEVISION OCTOBER 13 AND APPEARED IN INDEPENDENT LA ESTRELLA OCTOBER 14, SUSPENDING THE 24 HOUR GENERAL SHUTDOWN OF BUSINESS ENTERPRISES WHICH HAD BEEN SCHEDULED FOR MONDAY, OCTOBER 15.

2. THE FOLLOWING IS THE TEXT OF THE CONEP ANNOUNCEMENT. COMMUNIQUE: "CONEP, IN WHICH ARE DULY REPRESENTED SMALL, MEDIUM AND LARGE BUSINESS MANAGERS, WHOSE OBJECTIVE IS THE PERMANENT DEFENSE OF FREE ENTERPRISE WITHIN THE STRICTEST STANDARDS OF SOCIAL JUSTICE: CONSIDERING (1) THAT THE REASON FOR THE SHUTDOWN DECREED BY ITS DIVERSE ENTITIES, PURSUES ESSENTIALLY THE ESTABLISHMENT OF A CORDIAL AND PERMANENT DIALOGUE WITH THE HIGH AUTHORITIES OF THE NATIONAL GOVERNMENT; (2) THAT THE MANAGERS ARE INTERESTED IN THE PEACE AND TRANQUILITY OF ALL COMPONENT SECTORS OF THE COUNTRY IN ORDER TO STRUGGLE UNITED IN SUPPORT OF PROGRESS AND WELFARE: RESOLVE TO SUSPEND THE SHUTDOWN DE REED FOR NEXT MONDAY THE 15TH IN ORDER TO FRAME THE DIALOGUE WITHIN A CLIMATE OF MUTUAL RESPECT AND UNDERSTANDING."

3. AFTER CONEP ANNOUNCED SUSPENSION OF THE SHUTDOWN OF BUSINESS ENTERPRISES ON BASIS OF AGREEMENT BY THE GENERAL TO SEE REPRESENTATIVES OF THE BUSINESS ORGANIZATIONS, THE GENERAL FAILED TO APPEAR. INSTEAD, THE CONEP REPRESENTATIVES WERE RECEIVED BY PRESIDENT LAKAS AND THE MINISTER OF HOUSING IN A HEATED SESSION IN WHICH THE CONCERNS OF THE PRIVATE SECTOR WERE FORCEFULLY STATED. THE BUSINESSMEN WERE GIVEN TO UNDERSTAND THAT TORRIJOS WOULD SEE THEM AT 8:00 AM ON MONDAY THE 15TH. SUBSEQUENTLY, ON OCTOBER 17 OR 18 THE BUSINESS GROUPS PLAN TO MAKE A DECISION AS TO WHAT FURTHER ACTIONS SHOULD BE TAKE.

4. MEANWHILE, VIGOROUS PROPAGANDA AND PRESSURE CAMPAIGN IS BEING WAGED AGAINST CONEP'S LEADERS. GOP-CONTROLLED MEDIA HAVE PLAYED UP DESPERATE NECESSITY FOR NEW HOUSING IN SLUMS AND CAST-CONFIDENTIAL

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IGATED THOSE BUSINESSMEN WHO IT CLAIMS HAVE BENEFITTED FROM ECONOMIC GROWTH, NEW ROADS AND OTHER FACILITIES BUILT BY "REVOLUTIONARY GOVERNMENT", BUT ARE UNWILLING TO SUPPORT SOCIALLY ORIENTED PROGRAMS TO HELP POOR PEOPLE. THREATS AND HARASSMENT TACTICS HAVE BEEN DIRECTED AGAINST CONEP LEADERS. TORRIJOS' VEILED THREAT DURING SPEECH OCTOBER 11 TO PLACE THEM ALL ON PLANE DESTINED FOR "VALLEY OF LATIN AMERICAN REACTIONARIES" IS ONE EXAMPLE OF PRESSURE (SEE REFTEL B). ONE BUSINESSMAN TOLD EMBOFF THAT HE AND OTHER CONEP LEADERS HAD BEEN VISITED BY NATIONAL GUARD G-2 REPRESENTATIVES AND TOLD THEY HAD BETTER PACK A SUITCASE BECAUSE SEAT NUMBERS ON PLANE TO MAIMI HAD ALREADY BEEN RESERVED FOR THEM

5. BEGINNING OCTOBER 11, GOVERNMENT OFFICIALS BEGAN ENCOURAGING LABOR LEADERS AND FIRMS FRIENDLY TO GOP TO ISSUE PUBLIC STATEMENTS DENOUNCING THE MANAGERIAL HALT AND SUPPORTING GOP POSITION. ALTHOUGH MANAGERIAL STOPPAGE HAD ALREADY BEEN CANCELLED ON SATURDAY, OCTOBER 13, GOP-CONTROLLED PRESS AS OF OCTOBER 15 HAD NOT MENTIONED THIS FACT. INSTEAD DOMINICAL OCTOBER 14 FEATURED HEADLINES THAT WORKERS WOULD GO INTO THE STREETS TO IMPEDE THE MANAGERIAL WORK STOPPAGE, AND HAD SEVERAL ARTICLES CONTAINING DENUNCIATIONS BY UNION LEADERS OF WORK STOPPAGE. ONE ARTICLE WARNED WORKERS THAT CONEP COULD NOT GUARANTEE PAYMENT OF THEIR SALARIES OR PREVENT THEM FROM BEING FIRED BY EMPLOYERS IF THEY DID NOT APPEAR AT WORK ON OCTOBER 15. ARTICLE LISTING FIRMS WHICH WERE NOT JOINING THE STRIKE ALSO WAS PUBLISHED.

6. MINISTER OF HOUSING JOSE DE LA OSSA APPEARED ON NATIONAL TELEVISION EVENING OCTOBER 14 WITH SEVEN OFFICIALS OF HIS MINISTRY TO MAKE TWO AND ONE-HALF HOUR EXPLANATION OF LAWS. THEY WENT TO GREAT EFFORT TO SHOW, WITH AID OF PICTURES, MISERABLE CONDITIONS IN SLUMS AND NEED FOR CONSTRUCTION OF NEW HOUSING WHICH LAWS WERE DESIGNED TO STIMULATE. LAWS WERE DESCRIBED AND DEFENDED IN DETAIL. DISMISSING THE BUSINESSMEN'S CHARGES THAT THEY HAD NOT BEEN CONSULTED, DE LA OSSA ALLEGED THAT WHILE LAWS WERE BEING DRAFTED EXTENSIVE CONSULTATION HAD TAKEN PLACE WITH PROVINCIAL AND MUNICIPAL COUNCILS AND WITH COMMUNAL JUNTAS IN URBAN CENTERS.

7. COMMENT. IT APPEARS THAT TORRIJOS, NOT WANTING TO RILE WATERS OF U S-PANAMANIAN RELATIONS ON OCTOBER 11 THIS YEAR,
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HAD CHOSEN INSTEAD TO SHOW PROGRESS OF REVOLUTION BY ANNOUNCING DRAMATIC NEW INITIATIVES TO REPLACE SLUM HOUSING IN PANAMA CITY AND COLON WITH NEW LOW-COST HOUSING. OUR PRELIMINARY IMPRESSION IS THAT WHILE NEW LAWS ARE NOT "REVOLUTIONARY" THEY MAY BE ILL-CONCEIVED AND NOT SERVE PURPOSE GOP OBVIOUSLY INTNDED. (ANALYSIS OF LAWS WILL FOLLOW BY AIRGRA.) THE LAWS CONTAIN FEATURES WHICH ALARM PROPERTY OWNERS, THE CONSTRUCTION INDUSTRY AND ANKERS. CONEP CHOSE IN ITS COMMUNIQUE OF OCTOBER 10 TO OPPOSE THE LAWS AS BEING PREJUDICIAL TO PRIVATE ENTERPRISE AND CHARGED THAT GOP OFFICIALS WERE DELIBERATELY MOVING PANAMA AWAY FROM PRIVATE ENTERPRISE SYSTEM, THUS CHALLENGING GOP DIRECTLY RATHER THAN FOCUSING ON BAD FEATURES OF LAWS. GOP HAS INTERPRETED CONEP'S THREATENED WORK HALT AS A POLITICAL THREAT AND IS USING VICIOUS PROPAGANDA CAMPAIGN TO DISCREDIT CONEP LEADERS BY PORTRAYING THEM AS REACTIONARY OLIGARCHS OPPOSED TO SOCIAL PROGRAMS TO IMPROVE CONDITIONS IN SLUMS. THE GOP CONTROLLED MEDIA'S FAILURE TO PBULISH CONEP'S COMMUNIQUE OF OCTOBER 13 CALLING OFF MANAGERIAL HALT AND ITS PUBLICATION OCTOBER 14 AND 15 OF NUMEROUS STATEMENTS BY UNION LEADERS AND OTHERS OPPOSED TO STRIKE LEADS US TO SUSPECT THAT GOP WANTS TO CONVEY IMPRESSION THAT "HALT" WAS A FAILURE BECAUSE IT HAD NOT RECEIVED SUPPORT, NOT BECAUSE CONEP CANCELLED IT. EVEN IF CONEP LEADERS SEEK TO RESCHEDULE STRIKE LATER, THE

GOP WILL HAVE HAD TIME TO DEFEND NEW HOUSING LAWS, APPLY PRESS-
URES ON INDIVIDUAL FIRMS TO SUPPORT GOP, AND FURTHER ISOLATE
CONEP BY USING ARGUMENT ITS LEADERS OPPOSE PROGRESS. TORRIJOS
APPEARS TO HAVE OUTMANEUVERED BUSINESS LEADERS ON WORK HALT
ISSUE; HOWEVER, THEY APPEAR TO BE DETERMINED TO FORCE TORRIJOS
TO STATE HIS ATTITUDE TOWARD PRIVATE BUSINESS, AND MAY PERSIST
IN THEIR EFFORTS TO FORCE A SHOWDOWN. IF DEPOSITORS, DOMESTIC
AND ESPECIALLY FOREIGN, DECIDE TO WITHDRAW FUNDS FROM THEIR
BANKING ACCOUNTS, TORRIJOS AND PANAMA COULD BE LONG-TERM
LOSERS.

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